

TEST DRAFT 9/21/06

**SBT Direct Package Test #1**  
**38-0100000**

FORMS REQUIRED	
<b>FEDERAL:</b> 1040, SCHEDULE C, SCHEDULE D, SCHEDULE SE <b>MICHIGAN:</b> C-8000, C-8043, C-8000D, C-8000G	
TAXPAYER	
<b>FEIN:</b> 38-0100000 <b>NAME:</b> JOE COOL <b>DBA:</b> COOL AIR CONDITIONING <b>ADDRESS:</b> 3333 BREEZY STREET LANSING, MI 48922 <b>ORGANIZATION TYPE:</b> INDIVIDUAL <b>PRINCIPAL BUSINESS ACTIVITY:</b> SERVICE <b>BEGINNING DATE:</b> JANUARY 2006 <b>ENDING DATE:</b> DECEMBER 2006 <b>DISCONTINUANCE DATE:</b>	
TAXPAYER'S DECLARATION	PREPARER'S DECLARATION
<b>AUTHORIZED:</b> NO <b>DATE:</b> JANUARY 7, 2007 <b>NAME:</b> JOE COOL <b>TITLE:</b> OWNER	<b>DATE:</b> JANUARY 7, 2007 <b>NAME:</b> HENRY HEAT <b>ADDRESS:</b> 4321 SUNNY LANE LANSING, MI 48922 <b>PHONE:</b> (517) 487-1212 <b>FEIN:</b> 38-8000000
ELECTRONIC SIGNATURE ALTERNATIVE	
<b>CUSTOMER SERVICE NUMBER (CSN):</b> C1234567 <b>PRIOR GROSS RECEIPTS:</b> \$300,000 <b>FEIN:</b> 38-0100000	
OTHER	
CHANGES FOR FED/STATE 1120 TEST PACKAGE	
CHANGES FOR FED/STATE 1065 TEST PACKAGE	
<b>FEIN:</b> 58-0100000 SEE 1065 FED/STATE TEST 1	

**2006 MICHIGAN Single Business Tax Annual Return**

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

<b>1.</b> This return is for calendar year <b>2006</b> or for the following tax year Beginning Date                      Ending Date month                      year                      month                      year <u>01</u>   <u>2006</u> <u>12</u>   <u>2006</u>	<b>5.</b> Federal Employer Identification Number (FEIN) or TR Number <span style="float: right;"><input type="checkbox"/></span> <u>38-0100000</u>
<b>2.</b> Name (Type or Print) <u>JOE COOL</u> DBA <u>COOL AIR CONDITIONING</u> Street Address <u>3333 BREEZY STREET</u> City, State, ZIP Code <u>LANSING</u> <u>MI 48922</u>	<b>6.</b> If discontinued, enter effective date  <b>7.</b> Business Start Date <u>1999-03-10</u> <b>8.</b> Principal Business Activity <u>SERVICE</u>
<b>3.</b> Check if filing a Michigan consolidated return (attach C-8008 and approved C-8007). <input type="checkbox"/> Enter authorization number _____	<b>9.</b> Organization Type (check one) a. <input checked="" type="checkbox"/> Individual                      b. <input type="checkbox"/> Fiduciary c. <input type="checkbox"/> Professional Corporation                      d. <input type="checkbox"/> S Corporation/LLC S Corporation e. <input type="checkbox"/> Other Corporation                      f. <input type="checkbox"/> Partnership/LLC-Partnership g. <input type="checkbox"/> Limited Liability Company-Corporation
<b>4.</b> Check if you are a member of a controlled group (see instructions). <input type="checkbox"/>	

<b>10.</b> Gross receipts . . . . .	<b>10.</b>	<u>354031.00</u>
<b>11.</b> Business income. Filers using the Short-Method, go to C-8000S, line 9 <b>COMPENSATION</b>	<b>11.</b>	<u>30222.00</u>
<b>12.</b> Salaries, wages and other payments to employees . . . . .	<b>12.</b>	<u>12780.00</u>
<b>13.</b> Employee insurance plans - life, health (see line 13 instructions) . . . . .	<b>13.</b>	<u>.00</u>
<b>14.</b> Pension, retirement, profit sharing plans . . . . .	<b>14.</b>	<u>6000.00</u>
<b>15.</b> Other payments - supplemental unemployment benefit trust, etc . . . . .	<b>15.</b>	<u>.00</u>
<b>16. Total Compensation.</b> Add lines 12 - 15 . . . . .	<b>16.</b>	<u>18780.00</u>
<b>ADDITIONS - to the extent deducted in arriving at business income.</b>		
<b>17.</b> Depreciation and other write-off of tangible assets . . . . .	<b>17.</b>	<u>4290.00</u>
<b>18.</b> Taxes imposed on or measured by income (e.g., city, state, foreign) . . . . .	<b>18.</b>	<u>.00</u>
<b>19.</b> Single business tax . . . . .	<b>19.</b>	<u>.00</u>
<b>20.</b> Dividends, interest and royalty expenses . . . . .	<b>20.</b>	<u>371.00</u>
<b>21.</b> Capital loss carryover or carryback . . . . .	<b>21.</b>	<u>.00</u>
<b>22.</b> Net operating loss carryover or carryback . . . . .	<b>22.</b>	<u>.00</u>
<b>23.</b> Gross interest and dividend income from bonds and similar obligations issued by states other than Michigan and its political subdivisions . . . . .	<b>23.</b>	<u>.00</u>
<b>24.</b> Any deduction or exclusion due to classification as FSC or similar classification and expenses of financial organizations, see instructions . . . . .	<b>24.</b>	<u>.00</u>
<b>25.</b> Losses from partnerships. Account No. _____	<b>25.</b>	<u>.00</u>
<b>26. Total Additions.</b> Add lines 17 - 25 . . . . .	<b>26.</b>	<u>4661.00</u>
<b>27. Subtotal.</b> Add lines 11, 16 and 26 . . . . .	<b>27.</b>	<u>53663.00</u>
<b>SUBTRACTIONS</b>		
<b>28.</b> Dividends, interest and royalty income included in business income . . . . .	<b>28.</b>	<u>131.00</u>
<b>29.</b> Capital losses not deducted in arriving at business income . . . . .	<b>29.</b>	<u>.00</u>
<b>30.</b> Income from partnerships (Account No. _____) or SBIR grants (see instructions), included in business income . . . . .	<b>30.</b>	<u>.00</u>
<b>31. Total Subtractions.</b> Add lines 28 - 30 . . . . .	<b>31.</b>	<u>131.00</u>
<b>TAX BASE</b>		
<b>32. Tax Base.</b> Subtract line 31 from line 27 . . . . .	<b>32.</b>	<u>53532.00</u>
<b>33. Apportioned Tax Base.</b> Multiply line 32 by _____ % from C-8000H, line 16 or 19 . . . . .	<b>33.</b>	<u>.00</u>

**62. PAYMENT.** Enter amount from page 2, line 58 . . . . . **PAY THIS AMOUNT** **62.** .00
**WITHOUT PAYMENT - Mail return to:**
 Michigan Department of Treasury  
 P.O. Box 30059  
 Lansing, MI 48909
**WITH PAYMENT -** Pay amount on line 62 and mail check and return to:
 Michigan Department of Treasury  
 Department 77375  
 P.O. Box 77000  
 Detroit, MI 48277-0375

Make checks payable to "State of Michigan." Print the FEIN or TR Number and "SBT" on the front of the check. Do not staple the check to the return.

Continue and sign on page 2.

**TAX BASE**34. Enter amount from line 32 or 33, whichever applies . . . . . 34. 53532 .00**ADJUSTMENTS**35. Recapture of capital acquisition deduction from C-8000D, line 19 . . . . . ► 35. 18600 .00

36. ADJUSTED TAX BASE BEFORE loss deduction and statutory exemption.

Add line 34 and line 35. If line 35 is negative, subtract . . . . . ► 36. 72132 .00If negative, this is a business loss carryforward; **do not complete lines 37 through 42. Enter zero on line 43.**37. Business loss deduction . . . . . 37. .0038. **Adjusted Tax Base Before Statutory Exemption.** Subtract line 37 from line 36 . . . . . 38. 72132 .00**STATUTORY EXEMPTION - Complete and attach Form C-8043, Statutory Exemption Schedule.**39. Allowable statutory exemption, from C-8043, line 16 . . . . . 39. 45000 .0040. **Adjusted Tax Base.** Subtract line 39 from line 38. Check if C-8000G is attached . . . . . ► a. ☒ . . . 40. 27132 .00**REDUCTIONS, NONREFUNDABLE CREDITS, AND TAX**41. Reduction to adjusted tax base, if applicable. See instructions for Form C-8000S . . . . . 41. .00**Check the method being used:** ► ☐ **Compensation Reduction OR** ► ☐ **Gross Receipts Reduction**42. Taxable base. Subtract line 41 from line 40. If the gross receipts short-method was used, enter the amount from C-8000S, line 14 . . . . . 42. 27132 .0043. **Tax Before All Credits.** Multiply line 42 by 1.9% (.019) . . . . . ► 43. 516 .00**If you are not taking the Investment Tax Credit on C-8000ITC, enter the amount from line 43 on line 44.**44. **Tax After Investment Tax Credit.** Enter the amount from C-8000ITC, line 37 . . . . . ► 44. 516 .00**The small business and contribution credits are computed on Form C-8000C and/or C-8009. Complete Form C-8000C and/or C-8009 before continuing. If not filing Form C-8000C or C-8009, enter the amount from line 44 on line 45.**45. Enter the amount from C-8000, line 44, C-8000C, lines 19, 26 or 36 or C-8009, line 33 or 34 . . . . . 45. 516 .0046. Unincorporated/S Corp. credit. Multiply line 45 by percent from page 15 . . . . . 46. 77 .0047. Nonrefundable credits from C-8000MC, line 99 . . . . . 47. .0048. Add lines 46 and 47 . . . . . 48. 77 .0049. **Tax After Nonrefundable Credits.** Subtract line 48 from line 45 . . . . . ► 49. 439 .00**PAYMENTS, REFUNDABLE CREDITS AND TAX DUE**50. Overpayment credited from 2005 . . . . . 50. .0051. Estimated tax payments . . . . . 51. 1200 .0052. Tax paid with request for extension . . . . . 52. .0053. Refundable credits from C-8000MC, line 14 . . . . . 53. .0054. Total. Add lines 50 - 53 . . . . . ► 54. 1200 .0055. **TAX DUE.** Subtract line 54 from line 49. If less than zero, leave blank . . . . . ► 55. .0056. Underpaid estimate penalty and interest from C-8020, line 28 or 40, whichever applies . . . . . 56. .0057. Annual return penalty at % = .00 and interest = .00 . . . . . 57. .0058. If line 55 is blank, go to line 59. Otherwise, add lines 55 - 57; enter the amount here and on page 1, line 62. . . . . 58. .00**OVERPAYMENT - REFUND OR CREDIT FORWARD**

59. Overpayment. Subtract line 49, and any penalty and interest due on lines 56 and 57, from line 54.

If less than zero, leave blank. See instructions . . . . . 59. 761 .0060. Enter the amount of overpayment on line 59 to be refunded . . . . . ► 60. .0061. Enter the amount of overpayment on line 59 to be **credited forward** . . . . . ► 61. 761 .00

TAXPAYER'S DECLARATION		PREPARER'S DECLARATION	
I declare under penalty of perjury that this return is true and correct to the best of my knowledge. <input type="checkbox"/> By checking this box, I authorize Treasury to discuss my return with my preparer.		I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Taxpayer's Signature		Preparer's Signature	
Print or Type Taxpayer's Name <b>JOE COOL</b>		Print or Type Preparer's Name <b>HENRY HEAT</b>	Date <b>2007-01-07</b>
Date <b>2007-01-07</b>		Business Address, Phone and Identification Number <b>4321 SUNNY LANE</b> <b>LANSING MI 48922</b> <b>38-8000000 517-487-1212</b>	
Title <b>OWNER</b>			

**2006 MICHIGAN  
SBT Recapture of Capital Acquisition Deduction**

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

1. Name <b>JOE COOL</b>	2. Federal Employer ID Number (FEIN) or TR Number <b>38-0100000</b>
----------------------------	--

**PART 1: DISPOSITION OF DEPRECIABLE REAL PROPERTY ACQUIRED IN TAX YEARS BEGINNING BEFORE OCTOBER 1, 1989**

3. Enter all depreciable **real property located in Michigan** that was sold or otherwise disposed of during the tax year.  
Include property acquired on or after January 1, 1976 and in tax years beginning before October 1, 1989.

a. Description	b. Location	c. Date Acquired	d. Date Sold	e. Gross Sales Price	f. Gain or (Loss)
EQUIPMENT	MICHIGAN	1988-10-01	2006-04-03	900	(17700)
4. Total columns 3e and 3f. A loss on 4f will increase recapture . . . . . 4.				900	(17700)

5. **Adjusted Proceeds.** If line 4f is a gain, subtract it from 4e. If line 4f is a loss, add it to 4e . . . . . 5. 18600.00  
If taxable in another state, complete lines 6 and 7; otherwise, go to line 8.

6. Apportioned gains or (losses). Multiply line 4f by the percentage  
from C-8000H, line 16 or line 19, whichever applies . . . . . 6. \_\_\_\_\_ .00

7. Apportioned Adjusted Proceeds. If line 6 is a gain, subtract it from 4e. If line 6 is a loss, add it to 4e . . . . . 7. \_\_\_\_\_ .00

**PART 2: DISPOSITION OF DEPRECIABLE PERSONAL PROPERTY ACQUIRED IN TAX YEARS BEGINNING BEFORE OCTOBER 1, 1989**

8. Enter all depreciable **personal property** that was sold or otherwise disposed of during the tax year.  
Include property acquired on or after January 1, 1976 and in tax years beginning before October 1, 1989.

a. Description	b. Location	c. Date Acquired	d. Date Sold	e. Gross Sales Price	f. Gain or (Loss)
9. Total columns 8e and 8f. A loss on 9f will increase recapture . . . . . 9.					

10. **Adjusted Proceeds.** If line 9f is a gain, subtract it from 9e. If line 9f is a loss, add it to 9e . . . . . 10. \_\_\_\_\_ .00  
If taxable in another state, complete line 11; otherwise, go to line 12.

11. Apportioned Adjusted Proceeds. Multiply line 10 by the percentage from C-8000H, line 23 . . . . . 11. \_\_\_\_\_ .00

**PART 3: DISPOSITION OF REAL AND PERSONAL PROPERTY ACQUIRED IN TAX YEARS BEGINNING AFTER SEPTEMBER 30, 1989 - VARIOUS**

12. Enter all depreciable **real and personal property** that was sold or otherwise disposed of during the tax year. Include: (1) Property acquired in tax years beginning after September 30, 1989 and before January 1, 1997, (2) Real and personal property acquired in tax years beginning after December 31, 1996 and before January 1, 2000 and located in Michigan, or moved into Michigan after acquisition in tax years beginning after December 31, 1996 and before January 1, 2000, and (3) All mobile tangible assets acquired in tax years beginning after December 31, 1996 and before January 1, 2000.

a. Description	b. Location	c. Date Acquired	d. Date Sold	e. Gross Sales Price	f. Gain or (Loss)
13. Total columns 12e and 12f. A loss on 13f will increase recapture . . . . . 13.					

14. **Adjusted Proceeds.** If line 13f is a gain, subtract it from 13e. If line 13f is a loss, add it to 13e . . . . . 14. .00  
**If taxable in another state, complete line 15; otherwise, go to line 16.**

15. Apportioned Adjusted Proceeds. Multiply line 14 by the percentage from C-8000H, line 16 or 19 . . . . . 15. .00

**PART 4: TRANSFERS OUT OF MICHIGAN OF ALL DEPRECIABLE REAL AND PERSONAL PROPERTY, OTHER THAN MOBILE TANGIBLE ASSETS, ACQUIRED IN TAX YEARS BEGINNING AFTER DECEMBER 31, 1996, THAT WERE ELIGIBLE FOR A CAPITAL ACQUISITION DEDUCTION**

16. Enter all depreciable **real and personal property** transferred outside Michigan, other than mobile tangible assets, acquired in tax years beginning after December 31, 1996 and before January 1, 2000, that were eligible for a capital acquisition deduction.

a. Description	b. Location	c. Date Acquired	d. Date Transferred	e. Adjusted Federal Basis

17. Total column 16e . . . . . 17. .00  
**If taxable in another state, complete line 18; otherwise, go to line 19.**

18. Apportioned total federal basis. Multiply line 17 by the percentage from Form C-8000H, line 16 or 19, whichever applies . . . . . 18. .00

**PART 5: TOTAL RECAPTURE**

19. **TOTAL RECAPTURE of Capital Acquisition Deduction.** Add lines 5, 10, 14 and 17 OR lines 7, 11, 15 and 18, whichever apply. Enter here and on Form C-8000, line 35 . . . . . 19. 18600 .00

**2006 MICHIGAN****SBT Statutory Exemption/Business Income Averaging****For Persons Other Than Corporations**

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

<b>IMPORTANT:</b> There must be four (4) taxable years preceding 2006 to qualify for business income averaging.	
1. Name <b>JOE COOL</b>	2. Federal Employer ID Number (FEIN) or TR Number <b>38-0100000</b>
A. TAXABLE YEARS (Years Ending In)	B. BUSINESS INCOME* (Form C-8000, line 11, <b>cannot be less than zero</b> )
3. <b>2006</b>	<b>30222 .00</b>
4. <b>2005</b>	<b>28500 .00</b>
5. <b>2004</b>	<b>30010 .00</b>
6. <b>2003</b>	<b>29016 .00</b>
7. <b>2002</b>	<b>31005 .00</b>
8. Total Business Income Add lines 3 through 7.	<b>148753 .00</b>
9. <b>Average Business Income</b> Divide the amount on line 8 by the number 5.	<b>29751 .00</b>

If the amount on line 9 is greater than line 3, do not average business income. If the amount on line 9 is less than line 3, use the amount on line 9, Average Business Income, to compute the statutory exemption only. See the instructions for Form C-8043, SBT Statutory Exemption Schedule.

**\*IMPORTANT:** If business income is not available because no annual return was required, determine business income on the appropriate worksheet in the instruction booklet. **Attach this schedule to the return.**

2006 MICHIGAN SBT Statutory Exemption Schedule

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

Form Code 4

1. Name <b>JOE COOL</b>	2. Federal Employer ID Number (FEIN) or TR Number <b>38-0100000</b>
----------------------------	--

**NOTE:** If claiming a statutory exemption, complete and attach this schedule to Form C-8000, Single Business Tax Annual Return.

3. Business income from C-8000, line 11. Non-corporate taxpayers, if averaging business income, enter the amount from C-8000G, line 9 . . . . . 3. 29751.00
4. Loss carryback or carryover from C-8000, lines 21 and 22. This cannot be a negative number . . . . . 4. .00
5. Compensation and director fees of ALL shareholders from C-8000KC, line 5 . . . . . ► 5. .00
6. Add lines 3, 4 and 5 . . . . . 6. 29751.00
7. Statutory Exemption.  
Enter \$45,000 or the amount from C-8009, line 4 . . . . . ► 7. 45000 .00

**PARTNERS OR SHAREHOLDERS (S OR PROFESSIONAL CORPORATION) EXEMPTION**

8. Number qualified from C-8000KP, line 5, or C-8000KC, line 4. 8a.        LESS 1 = ► 8b.
9. Multiply line 8b by \$12,000. The maximum is \$48,000 . . . . . 9.        .00
10. Increased statutory exemption. Add lines 7 and 9 . . . . . 10.        .00

**SHORT-PERIOD/PART-YEAR EXEMPTION**

11. Number of months covered by this return.  
11a.        divided by 12 = 11b.        %.
12. Multiply line 7 or 10 by the percentage on line 11b . . . . . 12.        .00

**ALLOWABLE EXEMPTION**

13. Enter the amount from line 7, 10 or 12, whichever applies . . . . . 13. 45000.00
14. Subtract line 13 from line 6. If this is a negative amount, enter zero . . . . . 14. 0.00
15. Multiply line 14 by 2. This amount cannot be less than zero . . . . . 15. .00
16. **Allowable Statutory Exemption.** Subtract line 15 from line 13.  
Enter this amount on Form C-8000, line 39 and **attach** this schedule to SBT return . . . . . ► 16. 45000.00

If line 16 is negative, enter zero; a statutory exemption is not allowed.

Name(s) as shown on return

Employer ID No or TR No.

**JOE COOL**

**38-0100000**

**WORKSHEET 1**  
**GROSS RECEIPTS/BUSINESS INCOME**  
**INDIVIDUALS AND FIDUCIARIES**

**PART 1: GROSS RECEIPTS**

1. U.S. 1040, Schedule C or C-EZ,  
gross receipts (net of returns) 353000 .00
2. U.S. 1040, Schedule C,  
other income 131 .00
3. U.S. 1040, Schedule D, \*\*  
short and long term sales price 900 .00
4. U.S. 1040, Schedule E,  
a. Part I, total rents received \_\_\_\_\_ .00  
b. Total royalties received \_\_\_\_\_ .00
5. U.S. 4797, gross sales price, \*\*  
business assets \_\_\_\_\_ .00
6. Other receipts \_\_\_\_\_ .00
7. Total gross receipts  
Add lines 1 through 6. 354031 .00

**PART 2: BUSINESS INCOME**

8. U.S. 1040, Schedule C or C-EZ,  
net profit or (loss) 47922 .00
9. U.S. 1040, Schedule D,  
gain or (loss) \* (17700) .00
10. U.S. 1040, Schedule E,  
line 22 rent and royalty  
income or (loss) \_\_\_\_\_ .00
11. U.S. 4797 gains or (loss)  
not included in Schedule D \_\_\_\_\_ .00
12. Other income \_\_\_\_\_ .00
13. Total business income  
Add lines 8 through 12. 30222 .00

\* U.S. 1040D and 4797: Report only gains or losses from assets used in a business activity. Do not include personal gains and losses.

**WORKSHEET 2**  
**GROSS RECEIPTS/BUSINESS INCOME**  
**CORPORATIONS**

**PART 1: GROSS RECEIPTS**

1. U.S. 1120 or 1120A, line 1c \_\_\_\_\_ .00
2. U.S. 1120 or 1120A, lines 4-7 \_\_\_\_\_ .00
3. U.S. 1120 or 1120A, line 10 \_\_\_\_\_ .00
4. U.S. 1120 or 1120A, Schedule D \*\*  
short and long term sales price \_\_\_\_\_ .00
5. U.S. 4797, gross sales price \*\* \_\_\_\_\_ .00
6. Add lines 1 through 5 \_\_\_\_\_ .00

**PART 2: BUSINESS INCOME**

Enter federal taxable income from U.S. 1120 or 1120A.

**WORKSHEET 3**  
**GROSS RECEIPTS/BUSINESS INCOME**  
**PARTNERSHIPS OR S CORPORATIONS**

**PART 1: GROSS RECEIPTS**

1. U.S. 1065 or U.S. 1120S  
a. Gross receipts (net of returns) \_\_\_\_\_ .00  
b. Other income/receipts \_\_\_\_\_ .00
2. U.S. 8825, gross income from  
real estate rentals \_\_\_\_\_ .00
3. U.S. 1065 or 1120S, Schedule D \*\*  
short and long term sales price \_\_\_\_\_ .00
4. U.S. 1065 or 1120S, Schedule K  
a. Gross other rental income \_\_\_\_\_ .00  
b. Interest, dividend, royalty income \_\_\_\_\_ .00  
c. Other income \_\_\_\_\_ .00
5. U.S. 4797, gross sales price \*\*  
business assets \_\_\_\_\_ .00
6. Other receipts \_\_\_\_\_ .00
7. Total gross receipts  
Add lines 1 through 6. \_\_\_\_\_ .00

**PART 2: BUSINESS INCOME**

8. U.S. 1065 or 1120S, Schedule K, Income (Loss)  
a. Ordinary income (loss) \_\_\_\_\_ .00  
b. Net real estate rental  
income (loss) \_\_\_\_\_ .00  
c. Net other rental  
income (loss) \_\_\_\_\_ .00  
d. Interest, dividend, & royalty income \_\_\_\_\_ .00  
e. Net short-term gain (loss) \_\_\_\_\_ .00  
f. Net long-term gain (loss) \_\_\_\_\_ .00  
g. Other portfolio income (loss) \_\_\_\_\_ .00  
h. Guaranteed payments to partners \_\_\_\_\_ .00  
i. Other net gain (loss)  
under section 1231 \_\_\_\_\_ .00  
j. Other income \_\_\_\_\_ .00
9. Total income or (loss)  
Add lines 8a through 8j. \_\_\_\_\_ .00
10. U.S. 1065 or 1120S, Schedule K, Deductions  
a. Charitable contributions \_\_\_\_\_ .00  
b. Section 179 expense \_\_\_\_\_ .00  
c. Deductions related to  
portfolio income \_\_\_\_\_ .00  
d. Other deductions \_\_\_\_\_ .00
11. Total deductions  
Add lines 10 through 10d. \_\_\_\_\_ .00
12. Total business income  
Subtract line 11 from line 9. \_\_\_\_\_ .00

**Note: Limited liability companies should choose the appropriate worksheet based on their federal return.**



For the year Jan. 1-Dec. 31, 2006, or other tax year beginning

, 2006, ending

, 20

OMB. No. 1545-0074

## Label

(See instructions on page 16.)

## Use the IRS label.

Otherwise, please print or type.

## Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16)

You ☐ Spouse ☐

## Filing Status

Check only one box.

- 1 ☒ Single
- 2 ☐ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ☐
- 4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ☐
- 5 ☐ Qualifying widow(er) with dependent child (see page 17)

## Exemptions

- 6 a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a . . . . .
- b ☐ Spouse . . . . .
- c Dependents:
- | (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) Check if qualifying child for child tax credit (see pg 19) |
|----------------|-----------|--|-------------------------------------|--|
|                |           |  |                                     | <input type="checkbox"/>                                       |
|                |           |  |                                     | <input type="checkbox"/>                                       |
|                |           |  |                                     | <input type="checkbox"/>                                       |
|                |           |  |                                     | <input type="checkbox"/>                                       |
- d Total number of exemptions claimed . . . . .
- Boxes checked on 6a and 6b **1**
- No. of children on 6c who:
- lived with you
  - did not live with you due to divorce or separation (see page 20)
- Dependents on 6c not entered above
- Add numbers on lines above **1**

## Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 22.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **1,000**
- 8 a Taxable interest. Attach Schedule B if required
- b Tax-exempt interest. Do not include on line 8a **8b**
- 9 a Ordinary dividends. Attach Schedule B if required
- b Qualified dividends (see page 23) **9b**
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23)
- 11 Alimony received
- 12 Business income or (loss). Attach Schedule C or C-EZ **47,922**
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ **(3,000)**
- 14 Other gains or (losses). Attach Form 4797
- 15 a IRA distributions **15a** **15b** Taxable amount (see page 25)
- 16 a Pensions and annuities **16a** **16b** Taxable amount (see page 25)
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
- 18 Farm income or (loss). Attach Schedule F
- 19 Unemployment compensation
- 20 a Social security benefits **20a** **20b** Taxable amount (see page 27)
- 21 Other income
- 22 Add the amounts in the far right column for lines 7 through 21. This is your total income **45,922**

## Adjusted Gross Income

- 23 Archer MSA deduction. Attach Form 8853 **23**
- 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ **24**
- 25 Health savings account deduction. Attach Form 8889 **25**
- 26 Moving expenses. Attach Form 3903 **26**
- 27 One-half of self-employment tax. Attach Schedule SE **3,386**
- 28 Self-employed SEP, SIMPLE, and qualified plans **28**
- 29 Self-employed health insurance deduction (see page 30) **29**
- 30 Penalty on early withdrawal of savings **30**
- 31 a Alimony paid **31a** Recipient's SSN ☐
- 32 IRA deduction (see page 31) **32**
- 33 Student loan interest deduction (see page 33) **33**
- 34 Jury duty pay you gave to your employer **34**
- 35 Domestic production activities deduction. Attach Form 8903 **35**
- 36 Add lines 23 through 31a and 32 through 35 **3,386**
- 37 Subtract line 36 from line 22. This is your adjusted gross income **42,536**

**Tax and Credits****Standard Deduction for—**

● People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

● All others:  
Single or Married filing separately, \$5,150

Married filing jointly or Qualifying widow(er), \$10,300

Head of household, \$7,550

<b>38</b>	Amount from line 37 (adjusted gross income) . . . . .	<b>38</b>	<b>42,536</b>
<b>39a</b>	Check <input type="checkbox"/> You were born before January 2, 1942, <input type="checkbox"/> Blind. <b>Total boxes</b> <input type="checkbox"/> if: <input type="checkbox"/> Spouse was born before January 2, 1942, <input type="checkbox"/> Blind. <b>checked</b> ▶ <b>39a</b> <input type="checkbox"/>		
<b>b</b>	If your spouse itemizes on a separate return or you were a dual-status alien, see pg 35 & check here ▶ <b>39b</b> <input type="checkbox"/>		
<b>40</b>	<b>Itemized deductions</b> (from Schedule A) or your <b>standard deduction</b> (see left margin) . .	<b>40</b>	<b>5,150</b>
<b>41</b>	Subtract line 40 from line 38 . . . . .	<b>41</b>	<b>37,386</b>
<b>42</b>	If line 38 is over \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d . .	<b>42</b>	<b>3,300</b>
<b>43</b>	<b>Taxable income.</b> Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- . .	<b>43</b>	<b>34,086</b>
<b>44</b>	<b>Tax</b> (see page 37). Check if any tax is from: <b>a</b> <input type="checkbox"/> Form(s) 8814 <b>b</b> <input type="checkbox"/> Form 4972 . . .	<b>44</b>	<b>5,184</b>
<b>45</b>	<b>Alternative minimum tax</b> (see page 39). Attach Form 6251 . . . . .	<b>45</b>	
<b>46</b>	Add lines 44 and 45 . . . . . ▶	<b>46</b>	<b>5,184</b>
<b>47</b>	Foreign tax credit. Attach Form 1116 if required . . . . .	<b>47</b>	
<b>48</b>	Credit for child and dependent care expenses. Attach Form 2441 . . . . .	<b>48</b>	
<b>49</b>	Credit for the elderly or the disabled. Attach Schedule R . . . . .	<b>49</b>	
<b>50</b>	Education credits. Attach Form 8863 . . . . .	<b>50</b>	
<b>51</b>	Retirement savings contributions credit. Attach Form 8880 . . . . .	<b>51</b>	
<b>52</b>	Residential energy credits. Attach Form 5695 . . . . .	<b>52</b>	
<b>53</b>	Child tax credit (see page XX). Attach Form 8901 if required . . . . .	<b>53</b>	
<b>54</b>	Credits from: <b>a</b> <input type="checkbox"/> Form 8396 <b>b</b> <input type="checkbox"/> Form 8839 <b>c</b> <input type="checkbox"/> Form 8859 . . . . .	<b>54</b>	
<b>55</b>	Other credits: <b>a</b> <input type="checkbox"/> Form 3800 <b>b</b> <input type="checkbox"/> Form 8801 <b>c</b> <input type="checkbox"/> Form . . . . .	<b>55</b>	
<b>56</b>	Add lines 47 through 55. These are your <b>total credits</b> . . . . .	<b>56</b>	
<b>57</b>	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- . . . . . ▶	<b>57</b>	<b>5,184</b>
<b>58</b>	Self-employment tax. Attach Schedule SE . . . . .	<b>58</b>	<b>6,771</b>
<b>59</b>	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 . .	<b>59</b>	
<b>60</b>	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required . .	<b>60</b>	
<b>61</b>	Advance earned income credit payments from Form(s) W-2 . . . . .	<b>61</b>	
<b>62</b>	Household employment taxes. Attach Schedule H . . . . .	<b>62</b>	
<b>63</b>	Add lines 57 through 62. This is your <b>total tax</b> . . . . . ▶	<b>63</b>	<b>11,955</b>

**Other Taxes****Payments**

If you have a qualifying child, attach Schedule EIC.

<b>64</b>	Federal income tax withheld from Forms W-2 and 1099 . . . . .	<b>64</b>	
<b>65</b>	2006 estimated tax payments and amount applied from 2005 return . . . . .	<b>65</b>	
<b>66a</b>	<b>Earned income credit (EIC)</b> . . . . .	<b>66a</b>	
<b>b</b>	Nontaxable combat pay election . ▶ <b>66b</b> <input type="checkbox"/>		
<b>67</b>	Excess social security and tier 1 RRTA tax withheld (see page 59) . . . . .	<b>67</b>	
<b>68</b>	Additional child tax credit. Attach Form 8812 . . . . .	<b>68</b>	
<b>69</b>	Amount paid with request for extension to file (see page 59) . . . . .	<b>69</b>	
<b>70</b>	Payments from: <b>a</b> <input type="checkbox"/> Form 2439 <b>b</b> <input type="checkbox"/> Form 4136 <b>c</b> <input type="checkbox"/> Form 8885 . . . . .	<b>70</b>	
<b>71</b>	Credit for federal telephone excise tax paid. Attach Form 8913 if required . . . . .	<b>71</b>	
<b>72</b>	Add lines 64, 65, 66a, and 67 through 71. These are your <b>total payments</b> . . . . . ▶	<b>72</b>	<b>0</b>

**Refund**

Direct deposit?  
See page 59  
and fill in 74b,  
74c, and 74d,  
or Form 8888.

<b>73</b>	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you <b>overpaid</b> . . . . .	<b>73</b>	
<b>74a</b>	Amount of line 73 you want <b>refunded to you</b> . If Form 8888 is attached, check here . . ▶ <input type="checkbox"/>	<b>74a</b>	
▶ <b>b</b>	Routing number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> ▶ <b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
▶ <b>d</b>	Account number <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
<b>75</b>	Amount of line 73 you want <b>applied to your 2007 estimated tax</b> . . . ▶	<b>75</b>	

**Amount You Owe**

<b>76</b>	<b>Amount you owe.</b> Subtract line 72 from line 63. For details on how to pay, see page 60 ▶	<b>76</b>	<b>12,435</b>
<b>77</b>	Estimated tax penalty (see page 60) . . . . .	<b>77</b>	<b>480</b>

**Third Party Designee**

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ Yes. Complete the following. ☒ No

Designee's name	Phone no.	Personal identification number (PIN)
▶	▶	▶ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

**Sign Here**

Joint return?  
See page 17.  
Keep a copy  
for your  
records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
▶	▶	▶	▶
Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation	
▶	▶	▶	▶

**Paid Preparer's Use Only**

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN
▶	<b>01-07-2007</b>	<input checked="" type="checkbox"/>	<b>P12345678</b>
Firm's name (or yours if self-employed), address, and ZIP code	▶ <b>HENRY HEAT</b> <b>4321 SUNNY LANE</b> <b>LANSING MI 48922</b>		EIN <b>38-8000000</b>
			Phone no. <b>517-487-1212</b>

**SCHEDULE C**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business**

(Sole Proprietorship)

► **Partnerships, joint ventures, etc., must file Form 1065 or Form 1065-B.**  
► **Attach to Form 1040, 1040NR, or 1041. ► See Instructions for Schedule C (Form 1040).**

OMB No. 1545-0074

**2006**

Attachment  
Sequence No. **09**

Name of proprietor

**JOE COOL**

Social security number (SSN)

**380-10-0000**

**A** Principal business or profession, including product or service (see page C-2 of the instructions)

**SERVICE**

**B** Enter code from pages C-8, 9, & 10

**C** Business name. If no separate business name, leave blank.

**COOL AIR CONDITIONING**

**D** Employer ID number (EIN), if any

**E** Business address (including suite or room no.) ► **3333 BREEZY STREET**

City, town or post office, state, and ZIP code **LANSING MI 48922**

**F** Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

**G** Did you "materially participate" in the operation of this business during 2006? If "No," see page C-2 for limit on losses . . . ☐ Yes ☐ No

**H** If you started or acquired this business during 2006, check here . . . . . ☐

**Part I Income**

<b>1</b> Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here . . . . . <input type="checkbox"/>	<b>1</b>	<b>353,000</b>
<b>2</b> Returns and allowances . . . . .	<b>2</b>	
<b>3</b> Subtract line 2 from line 1 . . . . .	<b>3</b>	<b>353,000</b>
<b>4</b> Cost of goods sold (from line 42 on page 2) . . . . .	<b>4</b>	
<b>5</b> <b>Gross profit.</b> Subtract line 4 from line 3 . . . . .	<b>5</b>	<b>353,000</b>
<b>6</b> Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3) . . . . .	<b>6</b>	<b>131</b>
<b>7</b> <b>Gross income.</b> Add lines 5 and 6 . . . . .	<b>7</b>	<b>353,131</b>

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

<b>8</b> Advertising . . . . .	<b>8</b>	<b>191,637</b>	<b>18</b> Office expense . . . . .	<b>18</b>	
<b>9</b> Car and truck expenses (see page C-4) . . . . .	<b>9</b>		<b>19</b> Pension and profit-sharing plans . . . . .	<b>19</b>	<b>6,000</b>
<b>10</b> Commissions and fees . . . . .	<b>10</b>		<b>20</b> Rent or lease (see page C-5):		
<b>11</b> Contract labor (see page C-4) . . . . .	<b>11</b>		<b>a</b> Vehicles, machinery, and equipment . . . . .	<b>20a</b>	
<b>12</b> Depletion . . . . .	<b>12</b>		<b>b</b> Other business property . . . . .	<b>20b</b>	
<b>13</b> Depreciation and section 179 expense deduction (not included in Part III) (see page C-4) . . . . .	<b>13</b>	<b>4,290</b>	<b>21</b> Repairs and maintenance . . . . .	<b>21</b>	
<b>14</b> Employee benefit programs (other than on line 19) . . . . .	<b>14</b>		<b>22</b> Supplies (not included in Part III) . . . . .	<b>22</b>	
<b>15</b> Insurance (other than health) . . . . .	<b>15</b>		<b>23</b> Taxes and licenses . . . . .	<b>23</b>	<b>90,131</b>
<b>16</b> Interest:			<b>24</b> Travel, meals, and entertainment:		
<b>a</b> Mortgage (paid to banks, etc.) . . . . .	<b>16a</b>	<b>371</b>	<b>a</b> Travel . . . . .	<b>24a</b>	
<b>b</b> Other . . . . .	<b>16b</b>		<b>b</b> Deductible meals and entertainment (see page C-5) . . . . .	<b>24b</b>	
<b>17</b> Legal and professional services . . . . .	<b>17</b>		<b>25</b> Utilities . . . . .	<b>25</b>	
			<b>26</b> Wages (less employment credits) . . . . .	<b>26</b>	<b>12,780</b>
			<b>27</b> Other expenses (from line 48 on page 2) . . . . .	<b>27</b>	

**28** **Total expenses** before expenses for business use of home. Add lines 8 through 27 in columns . . . . . **28** **305,209**

**29** Tentative profit (loss). Subtract line 28 from line 7 . . . . . **29** **47,922**

**30** Expenses for business use of your home. Attach **Form 8829** . . . . . **30**

**31** **Net profit or (loss).** Subtract line 30 from line 29.  
 • If a profit, enter on **Form 1040, line 12**, and also on **Schedule SE, line 2** or **Form 1040NR, line 13** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.  
 • If a loss, you **must** go to line 32.

**32** If you have a loss, check the box that describes your investment in this activity (see page C-6).  
 • If you checked 32a, enter the loss on **Form 1040, line 12**, and also on **Schedule SE, line 2** or **Form 1040NR, line 13** (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3.  
 • If you checked 32b, you **must** attach **Form 6198**. Your loss may be limited.

**32a** ☐ All investment is at risk.  
**32b** ☐ Some investment is not at risk.

**SCHEDULE D  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

Name(s) shown on Form 1040

**Capital Gains and Losses**

▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See Instructions for Schedule D (Form 1040).**  
▶ **Use Schedule D-1 to list additional transactions for lines 1 and 8.**

**D1 7/20/06**

OMB No. 1545-0074

**2006**

Attachment  
Sequence No. **12**

**Your social security number**  
**380-10-0000**

**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Yr., mo., day)	(c) Date sold (Yr., mo., day)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2 . . . . .		2			
3 <b>Total short-term sales price amounts.</b> Add lines 1 and 2 in column (d) . . . . .		3			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your <b>Capital Loss</b> <b>Carryover Worksheet</b> on page D-7 of the instructions . . . . .				6	( )
7 <b>Net short-term capital gain or (loss).</b> Combine lines 1 through 6 in column (f) . . . . .				7	

**Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year**

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Yr., mo., day)	(c) Date sold (Yr., mo., day)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 EQUIPMENT	19881001	20060403	900	18,600	(17,700)
9 Enter your long-term totals, if any, from Schedule D-1, line 9 . . . . .		9			
10 <b>Total long-term sales price amounts.</b> Add lines 8 and 9 in column (d) . . . . .		10	900		
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824 . . . . .				11	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1 . . . . .				12	
13 Capital gain distributions. See page D-1 of the instructions . . . . .				13	
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your <b>Capital Loss</b> <b>Carryover Worksheet</b> on page D-6 of the instructions . . . . .				14	( )
15 <b>Net long-term capital gain or (loss).</b> Combine lines 8 through 14 in column (f). Then go to Part III on page 2 . . . . .				15	(17,700)

**Part III Summary**

<b>16</b> Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below . . . . .	<b>16</b>	<b>(17,700)</b>
<b>17</b> Are lines 15 and 16 <b>both</b> gains? <input type="checkbox"/> <b>Yes.</b> Go to line 18. <input type="checkbox"/> <b>No.</b> Skip lines 18 through 21, and go to line 22.		
<b>18</b> Enter the amount, if any, from line 7 of the <b>28% Rate Gain Worksheet</b> on page D-8 of the instructions . . . . .	<b>18</b>	
<b>19</b> Enter the amount, if any, from line 18 of the <b>Unrecaptured Section 1250 Gain Worksheet</b> on page D-9 of the instructions . . . . .	<b>19</b>	<b>14,700</b>
<b>20</b> Are lines 18 and 19 <b>both</b> zero or blank? <input type="checkbox"/> <b>Yes.</b> Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <b>Do not</b> complete lines 21 and 22 below.  <input type="checkbox"/> <b>No.</b> Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Schedule D Tax Worksheet</b> on page D-10 of the instructions. <b>Do not</b> complete lines 21 and 22 below.		
<b>21</b> If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the <b>smaller</b> of:  <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <ul style="list-style-type: none"> <li>● The loss on line 16 or</li> <li>● (\$3,000), or if married filing separately, (\$1,500)</li> </ul> </div> <div style="font-size: 3em; margin-right: 10px;">}</div> <div style="border-bottom: 1px dotted black; flex-grow: 1;"></div> </div>	<b>21</b>	<b>( 3,000 )</b>
<b>Note:</b> When figuring which amount is smaller, treat both amounts as positive numbers.		
<b>22</b> Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> <b>Yes.</b> Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <input checked="" type="checkbox"/> <b>No.</b> Complete the rest of Form 1040 or Form 1040NR.		

SCHEDULE SE  
(Form 1040)

Department of the Treasury  
Internal Revenue Service (99)

Self-Employment Tax

▶ Attach to Form 1040. ▶ See Instructions for Schedule SE (Form 1040).

D1 - (08/18/06)

OMB No. 1545-0074

2006

Attachment  
Sequence No. 17

Name of person with self-employment income (as shown on Form 1040)

JOE COOL

Social security number of person  
with self-employment income ▶

380-10-0000

Who Must File Schedule SE

You must file Schedule SE if:

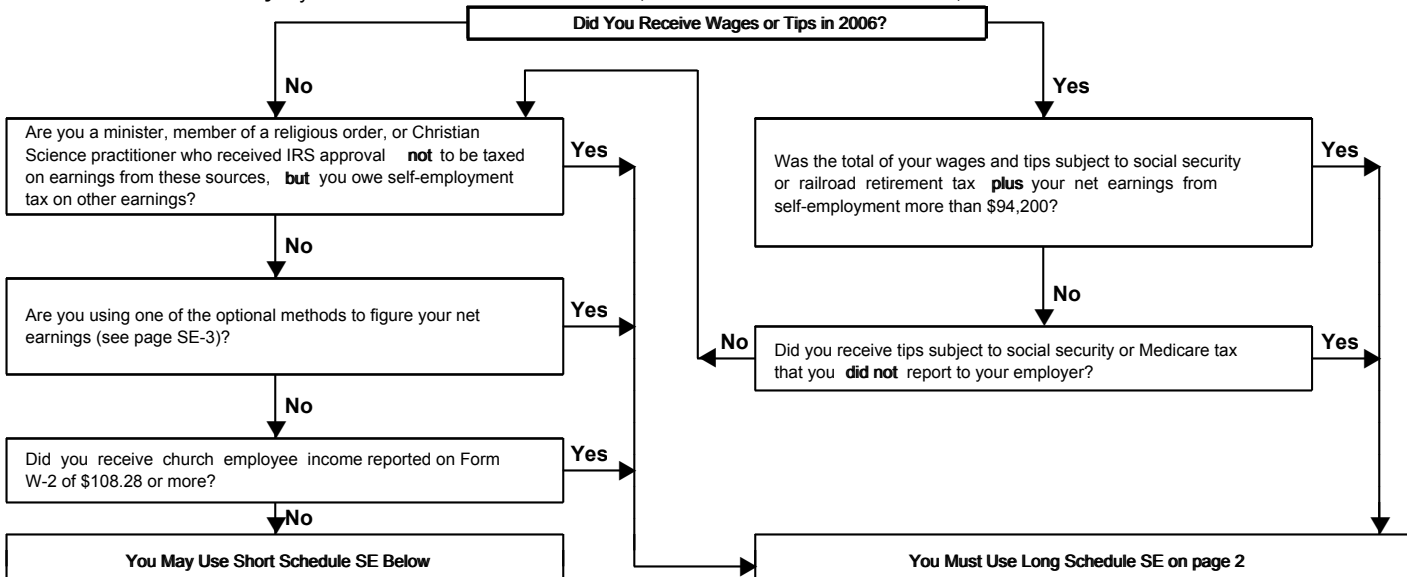
- You had net earnings from self-employment from **other than** church employee income (line 4 of Short Schedule SE or line 4c of Long Schedule SE) of \$400 or more, **or**
- You had church employee income of \$108.28 or more. Income from services you performed as a minister or a member of a religious order **is not** church employee income (see page SE-1).

**Note:** Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in Part II of Long Schedule SE (see page SE-3).

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361 and received IRS approval not to be taxed on those earnings, **do not** file Schedule SE. Instead, write "Exempt-Form 4361" on Form 1040, line 58.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

**Note.** Use this flowchart **only if** you must file Schedule SE. If unsure, see Who Must File Schedule SE, above.



Section A - Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1	Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A . . . . .	1	
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see page SE-1 for amounts to report on this line. See page SE-2 for other income to report . . . . .	2	47,922
3	Combine lines 1 and 2 . . . . .	3	47,922
4	<b>Net earnings from self-employment.</b> Multiply line 3 by 92.35% (.9235). If less than \$400, <b>do not</b> file this schedule; you do not owe self-employment tax . . . . . ▶	4	44,256
5	<b>Self-employment tax.</b> If the amount on line 4 is: • \$94,200 or less, multiply line 4 by 15.3% (.153). Enter the result here and on <b>Form 1040, line 58.</b> • More than \$94,200, multiply line 4 by 2.9% (.029). Then, add \$11,680.80 to the result. Enter the total here and on <b>Form 1040, line 58.</b>	5	6,771
6	<b>Deduction for one-half of self-employment tax.</b> Multiply line 5 by 50% (.5). Enter the result here and on <b>Form 1040, line 27</b> . . . . .	6	3,386

<b>a</b> Control number		OMB No. 1545-0008		<b>Safe, accurate, FAST! Use</b> <b>IRS e-file</b> Visit the IRS website at <a href="http://www.irs.gov/efile">www.irs.gov/efile</a> .	
<b>b</b> Employer identification number (EIN) 01-1111111			<b>1</b> Wages, tips, other compensation 1,000		<b>2</b> Federal income tax withheld
<b>c</b> Employer's name, address, and ZIP code FIRST W2  7 FRAGRANT WAY Lansing MI 48910			<b>3</b> Social security wages 1,000		<b>4</b> Social security tax withheld 62
			<b>5</b> Medicare wages and tips 1,000		<b>6</b> Medicare tax withheld 15
			<b>7</b> Social security tips		<b>8</b> Allocated tips
<b>d</b> Employee's social security number 380-10-0000			<b>9</b> Advance EIC payment		<b>10</b> Dependent care benefits
<b>e</b> Employee's first name and initial                      Last name  JOE                      COOL 3333 BREEZY STREET LANSING MI 48922			<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12
			<b>13</b> Statutory employee   Retmnt. plan   Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<b>12b</b>
			<b>14</b> Other		<b>12c</b>
					<b>12d</b>
<b>f</b> Employee's address and ZIP code					
<b>15</b> State Employer's state ID no. 3212134	<b>16</b> State wages, tips, etc. 1,000	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name

Form **W-2** **Wage and Tax Statement**

**2006**

Department of the Treasury Internal Revenue Service

**Copy B - To Be Filed With Employee's FEDERAL Tax Return.**  
This information is being furnished to the Internal Revenue Service.

The information on this Form W-2 was used to prepare the taxpayer's 2005 Federal tax return by HENRY HEAT.

## Capital Loss Carryover Worksheet - Lines 6 and 14

(Keep for your records)

Name

JOE COOL

Social Security Number

380-10-0000

Use this worksheet to figure your capital loss carryovers from 2006 to 2007 if your 2006 Schedule D, line 21, is a loss and **(a)** that loss is a smaller loss than the loss on your 2006 Schedule D, line 16, **or (b)** your 2006 Form 1040, line 40, is a loss. Otherwise, you do not have any carryovers.

1. Enter the amount from your 2006 Form 1040, line 41. If a loss, enclose the amount in parentheses . . . . . 1. 37,386
2. Enter the loss from your 2006 Schedule D, line 21, as a positive amount . . . . . 2. 3,000
3. Combine lines 1 and 2. If zero or less, enter -0- . . . . . 3. 40,386
4. Enter the **smaller** of line 2 or line 3 . . . . . 4. 3,000  
**If line 7 of your 2006 Schedule D is a loss, go to line 5; otherwise, enter -0- on line 5 and go to line 9.**
5. Enter the loss from your 2006 Schedule D, line 7, as a positive amount . . . . . 5. \_\_\_\_\_
6. Enter any gain from your 2006 Schedule D, line 15 . . . . . 6. \_\_\_\_\_
7. Add lines 4 and 6 . . . . . 7. \_\_\_\_\_
8. **Short-term capital loss carryover for 2007.** Subtract line 7 from line 5. If zero or less, enter -0-  
If more than zero, also enter this amount on Schedule D, line 6 . . . . . 8. 0  
**If line 15 of your 2006 Schedule D is a loss, go to line 9; otherwise, skip lines 9 through 13.**
9. Enter the loss from your 2006 Schedule D, line 15, as a positive amount . . . . . 9. 17,700
10. Enter any gain from your 2006 Schedule D, line 7 . . . . . 10. \_\_\_\_\_
11. Subtract line 5 from line 4. If zero or less, enter -0- . . . . . 11. 3,000
12. Add lines 10 and 11 . . . . . 12. 3,000
13. **Long-term capital loss carryover for 2007.** Subtract line 12 from line 9. If zero or less, enter -0-.  
If more than zero, also enter this amount on Schedule D, line 14 . . . . . 13. 14,700



**Worksheet B  
Form 1040**

**Earned Income Credit (EIC)--Lines 66a and 66b**

**2006**

(Keep for Your Records)

Name(s) as shown on return

Your social security number

**JOE COOL**

**380-10-0000**

Use this worksheet if you answered "Yes" to Step 5, question 3, on page 47, and you do not elect to use your 2005 earned income to figure your EIC (see page 47).

- Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

**Part 1**

**Self-Employed,  
Members of the  
Clergy, and  
People With  
Church  
Employee  
Income Filing  
Schedule SE**

1a. Enter the amount from Schedule SE, Section A, line 3, or  
Section B, line 3, whichever applies.

1a 47,922

b. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.

+

1b

c. Combine lines 1a and 1b.

=

1c 47,922

d. Enter the amount from Schedule SE, Section A, line 6, or  
Section B, line 13, whichever applies.

-

1d 3,386

e. Subtract line 1d from 1c.

=

1e 44,536

**Part 2**

**Self-Employed  
NOT Required  
To File  
Schedule SE**

For example, your  
net earnings from  
self-employment  
were less than \$400.

2. Do not include on these lines any statutory employee income or any amount exempt from  
self-employment tax as the result of the filing and approval of Form 4029 or Form 4361.

a. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm  
partnerships, Schedule K-1 (Form 1065), box 14, code A\*.

2a

b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ,  
line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming);  
and Schedule K-1 (Form 1065-B), box 9\*.

+

2b

c. Combine lines 2a and 2b.

=

2c

\*Reduce any Schedule K-1 amounts by any partnership section 179 expense deduction claimed,  
unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties. If you  
have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Put your  
name and social security number on Schedule SE and attach it to your return.

**Part 3**

**Statutory  
Employees  
Filing Schedule  
C or C-EZ**

3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that  
you are filing as a statutory employee.

3

**Part 4**

**All Filers Using  
Worksheet B**

**Note.** If line 4b  
includes income on  
which you should  
have paid self-  
employment tax but  
did not, we may  
reduce your credit by  
the amount of  
self-employment tax  
not paid.

4a. Combine lines 1e, 2c, 3 and 4a. **This is your total self-employed income.**

4a 44,536

**Carryover Worksheet**  
**List of items that will carryover to the 2007 tax return**  
(Keep for your records)

**2006**

Name(s) as shown on return

**JOE COOL**

Your social security number

**380-10-0000**

**Itemized Deductions**

Carryover Amount

Contributions subject to 100% of AGI limitations . . . . .	_____
Contributions subject to 50% of AGI limitations . . . . .	_____
Contributions subject to 30% of AGI limitations (50% capital gains appreciated property) . . . . .	_____
Contributions subject to 30% of AGI limitations . . . . .	_____
Contributions subject to 20% of AGI limitations (30% capital gains appreciated property) . . . . .	_____
Taxable state refund . . . . .	_____
State balance due to flow to the Schedule A . . . . .	_____
Preparer Fee to flow to the Schedule A . . . . .	_____

**Expenses**

Office in home operating expenses . . . . .	_____
Office in home excess casualty losses and depreciation . . . . .	_____
Disallowed investment interest expense . . . . .	_____
Section 179 expense . . . . .	_____
Operating expenses, from Form WK_E, Sch E - Rental limitation on deductions when used for personal use . . . . .	_____

**Losses**

Short-term capital loss . . . . .	<u>14,700</u>
Long-term capital loss . . . . .	_____
Net operating loss . . . . .	_____
Nonrecaptured net section 1231 losses . . . . .	_____

**Credits**

Mortgage interest credit . . . . .	_____
General business credit . . . . .	_____
Credit for prior year minimum tax . . . . .	_____
District of Columbia first time home owner's credit . . . . .	_____
Adoption credit . . . . .	_____

**Other**

Overpayment applied to next year's estimates . . . . .	<u>11,955</u>
Federal tax liability for 2210 calculation . . . . .	<u>1,662</u>
State tax liability for state 2210 calculation . . . . .	_____
IRA basis . . . . . Taxpayer _____ Spouse _____	_____
Excess depreciation, from Form WK_E, Sch E - Rental limitation on deductions when used for personal use . . . . .	_____

**Passive Activity**

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**At Risk Limitations**

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____